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C O N F I D E N T I A L SECTION 01 OF 02 ZAGREB 001068

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FOR EUR/SCE, EUR/PPD AND EUR/RPM
OSD FOR WINTERNITZ
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TAGS: [PREL](#) [PGOV](#) [HR](#)

SUBJECT: PEASANT PARTY PERSPECTIVE ON COALITION NEGOTIATIONS

REF: A. ZAGREB 1048 AND PREVIOUS

[1](#)B. ZAGREB 1065

Classified By: Rick Holtzapple, POL/ECON, Reasons 1.4 B/D

SUMMARY

[1](#)1. (C) PolChief met with Stanko Grcic, Secretary General of the Croatian Peasants' Party (HSS), to discuss on-going coalition negotiations between the HSS, its electoral partner the Croatian Social Liberal Party (HSLs) and the ruling Croatian Democratic Union (HDZ). The HSS, with six seats in the next parliament (Sabor), and the HSLs, with two seats, are the key potential coalition partners for either the HDZ or the opposition Social Democratic Party (SDP) as they attempt to form a 77-seat majority in the Sabor (REF A). HSS/HSLs began formal negotiations with the HDZ on the possible terms of a coalition agreement on December 3. Grcic said he would prefer the HSS to form a coalition with the SDP. He had little doubt, however, that the HDZ would succeed in forming a governing coalition, even if it might be with the HSLs and other small parties, but without the HSS.
END SUMMARY.

[1](#)2. (C) Grcic said that it would be difficult for the HSS to go into coalition with anyone other than the HDZ. On election night HSS President Josip Friscic had told the public the HSS would try to form a coalition with whatever party won the most Sabor seats within Croatia (i.e., not counting Croatia's diaspora seats). When Friscic said this, Grcic stressed, the HSS thought that the "relative victor within Croatia" would be the SDP, based on exit polling. When the final result turned out to be that the HDZ had in fact won more seats within Croatia than the SDP, the HSS leaders were surprised and disappointed, but had boxed themselves in. They had to negotiate with the HDZ. Grcic observed that politically this made some sense, since HSS voters and policies tended to be relatively conservative, and therefore more in sync with the center-right HDZ than the center-left SDP. This was also reflected in the fact that both the HDZ and HSS were members of the center-right European Peoples Party grouping at the EU level.

[1](#)3. (C) Grcic noted, however, that many HSS leaders and voters had such a strong personal dislike for the HDZ, because of that party's arrogance and apparent corruption, that the HSS would prefer to go into coalition with the SDP, if it felt that it could. After drafting a coalition agreement with the HDZ, the HSS/HSLs would likely also consult with the SDP, to see what sort of agreement that party would offer, and then the HSS and HSLs executive committees would need to decide

what to do. Grcic said that he had little doubt that the whole process would end with an HDZ-led government, perhaps without the HSS, but more likely with the HSS included. Another four years in opposition, Grcic said, could destroy the HSS, since it would have no achievements to present to its constituents.

¶4. (C) Grcic said the HSS's priority in the coalition negotiations would be on policies to support agriculture and small businesses in Croatia, and securing government positions responsible for implementing those policies. Grcic forecast that the HDZ would be able to agree to most of those issues, but would be more reluctant to agree to some other HSS demands. One difficult issue would be implementation of the Protected Ecological and Fishing Zone (ZERP). Grcic acknowledged implementation of the ZERP could pose problems for Croatia's EU accession (REF B), but insisted that Croatia was only seeking the right to do what its EU neighbors Italy and Slovenia were already doing in their own waters.

¶5. (C) Grcic also said that the HSS would likely adjust its position on the need for a referendum before Croatia joins NATO. He confessed that he did not understand why the HSS had even made the NATO referendum question an election issue, saying it nothing to do with the HSS bigger issue. Grcic was scathing about his own party's lack of understanding of NATO issues, saying that after party leader Friscic commented on television remarks that Croatian hunters would have to adapt their hunting rifles to NATO standards he had asked Friscic "to stop babbling about things you know nothing about!" (NOTE: HSS Vice President Bozidar Pankretic has told the media that the HSS will be flexible on the NATO referendum issue. If support for NATO rises in the polls to the 60 or 65 percent level, Pankretic said, the HSS would not see any need to spend time or money on organizing a referendum. END

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NOTE.)

¶6. (C) COMMENT: The HSS projects the image, both publicly and in private discussions, of a party unprepared for the prominence that its swing seats in the Sabor has given it. Its election strategy, including its ill-fitting electoral coalition with the HSLS, was driven by desperation to avoid falling below Croatia's 5 percent threshold and disappearing from the Sabor all together. It had not thought carefully about how to prepare for actually having an influential role in the next government. We remain fairly certain that the HSS will be in whatever government eventually emerges. But unless the HSS can improve on what has so far been a rather frivolous approach to major policy issues, they will likely add nothing to the next government's effectiveness. END COMMENT.
BRADTKE